

1998 SMALL BUSINESS PROFILE

SMALL BUSINESS: HEART OF THE OHIO ECONOMY

The importance of small business to the state of Ohio is apparent in the 1998 Small Business Profile. This year's findings, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, indicate that small businesses are vital to the state's economy. Not only do small businesses play a critical role by efficiently reallocating the state's resources and injecting new ideas into the economy with business starts and stops, but their diversity and composition provide the work force with many opportunities.

Number of Businesses - In 1997, Ohio had 228,772 businesses with employees; 98.4 percent of the businesses were small businesses (percent based on 1995 data for businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 361,000 self-employed persons in 1997.

Small Business Income - The income of sole proprietors and partners rose 3.1 percent to \$16.2 billion in 1997, while wage-and-salary income rose 5.5 percent. The state also exported \$25.1 billion of goods in 1997. (In 1992, 82.1 percent of the exporters in the state were small businesses.)

Women-Owned Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 305,900 women-owned businesses in Ohio, including part-time firms, employing 739,300 people and generating \$74.8 billion in sales. Between 1987 and 1996, the number of women-owned businesses increased 82.5 percent.

Minority Businesses - According to the latest Bureau of the Census data, the number of black-owned firms, including part-time firms, increased 42.0 percent from 1987 to 1992, totaling 22,690 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 115.6 percent during the same time period with 4,289 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 4,011 in 1987, to 7,146 in 1992, representing a 78.2 percent increase.

Business Turnover - Between 1996 and 1997, the number of new firms decreased 6.6 percent, while new business incorporations decreased 2.0 percent. Financial difficulties leading to business bankruptcies decreased by 5.5 percent and business failures increased by 23.8 percent.

Finance - An SBA Office of Advocacy study found that the number of banks in Ohio decreased from 259 in 1994 to 244 in 1997. The study also found the top lenders to small businesses in FY 1997 were:

Bank Name	Location
PEOPLES BKG CO	Findlay
CITIZENS NB OF NORWALK	Norwalk
FIRST NB OF PANDORA	Pandora
MILTON BKG CO	Wellston
CITIZENS SVG BK CO	Pemberville
FARMERS ST BK	New Madison
NEW RICHMOND NB	New Richmond
FARMERS & SVG BK	Loudonville
CROGHAN COLONIAL BK	Fremont
FIRST NB OF SHELBY	Shelby
VINTON CTY NB OF MCARTHUR	Mcarthur
SUTTON ST BK	Attica
COMMERCIAL & SVG BK	Millersburg
KILLBUCK SVG BK CO	Killbuck
FIRST NB SOUTHWESTERN OH	Hamilton
CITIZENS BKG CO	Salineville
KEYBANK NAT ASSN	Cleveland

Small businesses seeking loans should also consider banks that participate in SBA loan programs. To locate an SBA preferred or certified lender near you, call 1-800-8-ASK-SBA.

Job Growth - From 1992 to 1996, small businesses (fewer than 500 employees) created all of the net new jobs. The figures below indicate the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	201,395	85,506	46,231	84,189	(69,209)	348,113
Manufacturing	6,880	12,940	13,365	30,733	(9,928)	53,991
Retail Trade	46,823	6,126	6,342	2,538	(22,176)	39,653
Services	98,569	40,944	18,200	32,648	(41,805)	148,554
Other	49,124	25,496	8,324	18,269	4,702	105,914

Industries - Small firms in the state are represented in many industries. The Health Services industry is the largest small business employer in Ohio, followed by Eating & Drinking Places. The fastest growing industry for small business is Transportation By Air (represents industries that were at least 0.25 percent of the 1995 total). The following three tables provide information about the small business sector in the state.

Table 1, Top Five Industries by Employment, 1995

Industry	SIC	Total Empl.	Percent of total	Percent small
Total - All Industries	1	4,549,929	100.0	50.7
Health Services	8000	510,721	11.2	43.9
Eating & Drinking Places	5800	353,894	7.8	60.4
Business Services	7300	287,551	6.3	45.1
Wholesale Trade - Durable Goods	5000	186,106	4.1	70.9
Ind. & Comm. Machinery & Computer Equip.	3500	163,377	3.6	49.2

Table 2, Top Small Business Industries by Employment, 1995

Industry	SIC	Small Bus. Empl.	Percent of total	Percent Small
Total - All Industries	1	2,308,406	100.0	50.7
Health Services	8000	224,026	11.2	43.9
Eating & Drinking Places	5800	213,830	7.8	60.4
Wholesale Trade - Durable Goods	5000	131,962	4.1	70.9
Business Services	7300	129,549	6.3	45.1
Special Trade Contractors	1700	122,387	2.8	94.7

Table 3, Fastest Growing Industries in Employment for Small Business, 1994 - 1995

Industry	SIC	Small Bus. Empl. 1995	Net change	Percent change
Total - All Industries	1	2,308,406	80,160	3.5
Transportation By Air	4500	2,235	497	22.2
Electric, Gas, & Sanitary Services	4900	5,077	530	10.4
Agricultural Services	700	19,301	1,848	9.6
Apparel	2300	7,291	610	8.4
Special Trade Contractors	1700	122,387	10,179	8.3

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation for Women Business Owners, and Cognetics, Inc.